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he thought wrong.

SUBJECT: Party Reactions to Coalition Agreement

11. (U) The announcement of the formation of a new Serbian government including the Democratic Party of Serbia/New Serbia (DSS/NS), the Democratic Party (DS) and the G-17 Plus was received with mixed feelings. Democratically oriented citizens welcomed the agreement with relief since it included the replacement of Radical Tomislav Nikolic as parliamentary speaker and eliminated the possibility of new elections. However, anxiety remains - two day's worth of fear that Serbia could return to the political rhetoric of the nineties has been replaced with a real concern about whether the new coalition will be capable of taking a reformist course. Political analysts generally agreed that the news of the agreement between the parties is good news for Serbia and concluded that if this government "survives" Kosovo, it will be able to sustain a full four-year mandate.

TADIC CALLS FOR CONFIDENCE BUILDING, DS FOR INTEGRATION

- 12. (U) During popular B92 TV talk show "impression of the week," President of Serbia (and DS president) Boris Tadic said he hopes that the new government composed of parties from the democratic block will be successful. Tadic said that coalition partners should "bury the hatchet", build confidence and reach political agreement in order to fulfill political principles that the citizens voted for. Tadic denied that pressure from European officials was a reason why he agreed on continuation of negotiations. He said that the negotiations actually never stopped since all participants had in mind only the interests of the country.
- 13. (U) Deputy President of the DS Dusan Petrovic, meanwhile, stated that it was natural that the parties needed plenty of time for an agreement, since the country would pay a much higher price with a different majority (read: Radicals). According to Petrovic it is most important that Serbia have a government capable of continuing European integration, and also to have a government with a clear goal of using all diplomatic and legal means to preserve the territorial integrity and sovereignty of the country.

KOSTUNICA ON AHTISAARI'S "ERRONEOUS CALCULATIONS"

- 14. (U) In the official Government statement, PM Vojislav Kostunica said the parties that decided to form the government put the interest of the state, nation and citizens above their party interests and said that the formation of the government will bring stability to Serbia. Kostunica said that the most important reason for formation of the government is that the country has to have a legitimate government when the decisive battle for Kosovo is being fought. Kostunica added: "if Ahtisaari thought that there will be no government at the moment when Kosovo's future is decided, and
- 15. (U) Milos Aligrudic, Head of the DSS caucus in the Parliament, said that the crucial element for the agreement was the position of the parties over Kosovo. He said that he expects respect for agreed principles on Kosovo but also on all other issues, in which case

that Serbia will be in an election campaign, it can now be seen that

this government will efficiently work in the interests of the state and for the benefit of all its citizens.

CONDITIONS OF G17 PLUS ACCEPTED

16. (U) G-17 President Mladjan Dinkic told local press he is satisfied with the agreement and that his party's most important condition, replacement of the Speaker of the Parliament, was accepted by coalition partners.

LDP: ANTI-HAGUE GOVERNMENT

- 17. (SBU) The agreement on the formation of a new government is the logical result of three years'-worth of the politics of cohabitation between DS, DSS and G17 Plus, that now has simply been formalized in a coalition agreement, LDP said in a press release. LDP head Cedomir Jovanovic noted that the most prominent patrons of the anti-Hague lobby managed to preserve their positions namely Kostunica, Jocic (Interior) and Bulatovic (BIA). These three, he said, are guarantors that this government in not going to be a democratic, European government, but will instead continue to be the promoter and successor of Milosevic's system of values.
- 18. (SBU) LDP MP Ivan Andric told Poloff that the party's political position is quite relaxed. Andric believes that LDP can sit back and watch as the coalition implodes and and their numbers inevitably go up. Andric believes that as the only democratic opposition party, LDP should give a few weeks to the government to prove itself, but also believes that the government will provide enough reasons for criticism after only few days in office. Andric said that LDP was prepared for new elections and was ready to join a wider democratic bloc if a new election was a real choice between a DSS/SRS ticket and a democratic bloc ticket, but saw no need to join any other potential coalition as they were confident they would be able to cross the threshold to participate in any future election.
- 19. (U) Nenad Canak, Head of Vojvodina MP's caucus, also said he believes that the new government will not be much different from the previous one since the main posts, Prime Minister and Interior Ministry, stayed under the control of DSS. Canak said it is very dangerous that DSS is in a position to bring down the government at any moment when it estimates that the government's policies start to threaten the party's interests on, e.g., ICTY cooperation or Euro-Atlantic integration. Canak also said he hopes DS ministries will be more constructive and added that the formation of this government is bad, but the best Serbia can do for now.

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